Compliance Component

DEFINITION

Name	Life Cycle Management – Procurement Strategies
Description	Defines criteria for effective procurement of desktop and laptop computer systems.
Rationale	Industry standards define procurement costs as 30 to 40 percent of the overall cost of owning a corporate desktop or laptop computer. Defining best practice criteria during the procurement stage maximizes cost savings and efforts during the entire computer life cycle (acquisition through disposal).
Benefits	• Optimizes up-front savings, either saving dollars or allowing the purchase of additional units for the same cash outlay • Optimizes support efforts throughout the computer's life cycle, lower the soft-cost issues related to service and support for the computer

ASSOCIATED ARCHITECTURE LEVELS

Specify the Domain Name	Infrastructure
Specify the Discipline Name	Platform
Specify the Technology Area Name	Hardware
Specify the Product Component Name	NA

COMPLIANCE COMPONENT TYPE

Document the Compliance Component Type	Guideline
Component Sub-type	

COMPLIANCE DETAIL

State the Guideline, Standard or Legislation	Organizations looking to optimize their procurement efforts and lower their overall support costs should consider the following strategies: ***Why do you purchase computers?*** • Determining the appropriate business drivers for computer procurement is critical. Matching current and projected business practices to computer capacity needs should be the primary procurement driver, not the implementation of new technologies. ***Standardization of units purchased*** • Vendors tend to give greater discounts on larger volumes of identical machines than on lower volumes of varying configurations. Normally, 2 to 3 classifications of computer-to-function should cover 85 to 95 percent of all computer purchases within an organization. Keeping system and peripheral variations to a minimum will increase the manufacturer's efficiencies. • Decide on a deployment strategy that fits your organization, and engineer

the units accordingly. For example, if new purchases result in older units being cascaded within the organization, consider the logistics related to the movement process. If you wish to use a "no-touch" strategy, consider the potential growth for the system over the life-span of it's business use and engineer the procurement specifications accordingly. The current life-cycle for hardware is projected to be anywhere from 3 to 4 years, based on average business uses. Minimum or extended application needs can adjust this period in either direction.

- Selection of bid criteria should be determined by the current business needs of the organization, along with the projected needs during the system life cycle for the operating system, office suite, business applications, and additional system functions, such as anti-virus protection, general security, and/or asset management.

- There will always be niche (e.g., GIS programmer, SAS programmer, CAD) applications that do not fit into the standard definitions, in which case an architecture variance should be pursued. If a variance is pursued frequently or in volume, then an architectural process should be undertaken to see if the "niche" has become an emerging technology trend for general deployment.

Bulk Purchasing

- Buying larger quantities of a given configuration will tend to give the greatest savings from the manufacturer. Organizations who buy smaller quantities on a frequent basis face increased costs for procurement as well as inefficiencies due to system image variability over the life of the systems.

- In situations where coordinated bulk purchasing is a challenge due to political or budgetary issues, an executive-sponsored process should be implemented to show the increased savings and efficiency of moving to a consolidated, standardized bulk purchase method.

- The organization should bid minimum quantities, which gives the organization the flexibility to either achieve up-front cost savings or to purchase additional units based on the final bid results.

- To minimize unit costs and maximize potential savings, the organization should provide accurate unit counts to vendors.

Vendor Considerations

- Vendor stability and reliability will create the greatest savings on the life-cycle management side, but efforts must be made to keep the vendor from becoming complacent as a preferred / designated supplier. Vendor change should not be taken lightly, as it can add from 7 percent to 25 percent to various life-cycle management tasks, such as system image certification to problem resolution timeframes. Costs for life-cycle support will correlate directly to the frequency and magnitude of change of suppliers.

- If a vendor fails to maintain a cost-competitive structure, or fails to live up to service and support level agreements, bidding to change to a new

vendor can either create a renewed effort on the part of the original supplier, or lead to a better business agreement with a new supplier. Keeping the number of vendor devices in an organization to 1 or 2 suppliers is recommended.

System Image Considerations

- Vendors will build their business-class systems with a system image stability process. Most vendors will vary this timeframe anywhere from 12 to 24 months. This ensures that a stable system image will be available for systems purchased during that cycle.

Warranty Considerations

- Most systems now come with a standard 3-year warranty. The expected life cycle of most common desktop systems, however, has now lengthened to 4 years. The purchaser must consider whether to incur the cost of the additional warranty period, or accept the risks and soft costs associated with self-repair after the original warranty period has expired.

Standardization and Bulk Purchasing Enables…

- Deployment of certified/managed build images to a larger quantity of computers
- Strong vendor relationships due to bulk procurement
- Consistent (less variations) support structure to help meet service level agreement requirements
- Advanced support options (direct parts ordering, faster access to 2nd level support)
- Cost savings or additional unit purchases for the same budget
- Internal knowledge base for vendor support issues
- Ability to utilize vendor-proprietary management tools to enhance support efforts

Challenges with not using standardization and bulk purchasing

- More system images to maintain (25% to 50% cost increase per variation)
- Problem resolution can increase up to 10% per variation
- Spare parts stocking must be duplicated per variation
- Higher support costs (7% to 10%) if desktop support is outsourced
- More training needed for internal technical staff
- Unable to take advantage of vendor-supplied management tools on a wide scale
- Overall manageability can increase from 10% to 25% depending on the magnitude and frequency of change

Document Source Reference #	

Compliance Sources			
Name	Meta Group	*Website*	http://www.metagroup.com/us/home.do

Contact Information			
Name	State of Texas	Website	http://www.texas.gov/
Contact Information			
Name	Intel Corp.	Website	http://www.intel.com/business/bss/products/client/stableplatform/metagroup.pdf
Contact Information			
Name	TechUpdate	Website	http://www.techupdate.com/techupdate/stories/main/0,14179,2914624,00.html
Contact Information			
Name	WBM	Website	http://www.wbm.ca/ibm_tco_lifecycle.html
Contact Information			

KEYWORDS

List Keywords	Procurement, strategy, desktop, laptop, efficiency

COMPONENT CLASSIFICATION

Provide the Classification	☐ Emerging	☒ Current	☐ Twilight	☐ Sunset
Sunset Date				

COMPONENT SUB-CLASSIFICATION

Sub-Classification	Date	Additional Sub-Classification Information
☐ Technology Watch		
☐ Variance		
☐ Conditional Use		

Rationale for Component Classification

Document the Rationale for Component Classification	

Migration Strategy

Document the Migration Strategy	

Impact Position Statement

Document the Position Statement on Impact	

CURRENT STATUS

Provide the Current Status	☐ In Development	☐ Under Review	☒ Approved	☐ Rejected

AUDIT TRAIL

Creation Date	3/29/2004	Date Approved / Rejected	6/8/04
Reason for Rejection			
Last Date Reviewed		Last Date Updated	
Reason for Update			